



State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

Michael O. Leavitt
Governor

David T. Terry
Director

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-S/039/015

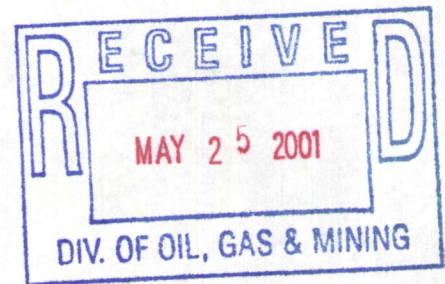
May 24, 2001

William E. Day
521 E. 1910 So.
Orem, UT 84058

RE: Trespass of State Trust Lands

T19S, R2E, SLB&M Sanpete County
Section 16: E2SW4SW4

DOGM Small-Mine Application S/039/015



Dear Mr. Day,

I am in receipt of the survey plat of T19S, R2E, Section 16, SLB&M, as surveyed by Stephen L. Ludlow, Professional License No. 152774, August 2000, which you delivered to my office last Wednesday in response to my trespass notice of May 3, 2001.

The survey plat shows the fence line near the southwest corner of Section 16 as lying below rather than above the south line of Section 16. If the survey plat is correct and if your mining operation lies entirely below the fence line then you are not in trespass of state trust lands. It appears that the GPS plot made by Division of Oil, Gas & Mining is in error. I understand that DOGM plans to revisit the site in the near future and try to reconcile its GPS plot with the survey plat.

I am also in receipt of the application you submitted for a Mineral Materials Permit on the above described state trust lands. You were apparently given an outdated application form when you visited our office. I am enclosing herewith our current application form, for Mineral Materials Permit. You must complete and submit the application along with the required permit payments within the next fifteen days:

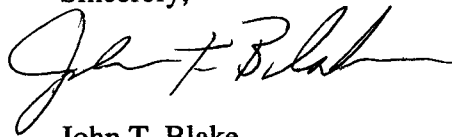
- 1) Indicate in the blank space provided on the application form, a description of the type of stone you desire to extract from the permit lands.
- 2) The application must be supported by payment of a \$100.00 application fee plus payment of the first year annual rentals of \$200.00.
- 3) The permit will require a minimum annual royalty of \$4,800.00, which must be paid each year, in advance, along with the annual rental.
- 4) The required production royalty shall be \$10.00 per short ton but not less than 10% Gross Value, f.o.b. mine. Annual rental and minimum royalties may be credited against actual production royalty accruing for the same year, but uncredited rentals and minimum royalties are nonrefundable.

Prior to the commencement of operations the permittee will be required to survey and clearly mark the boundaries of the permit area, obtain approval of a plan of operations and post a bond with the Trust Lands Administration.

If the above permit requirements are acceptable then please submit your corrected application, along with the required fees totaling \$5,100.00, within the next fifteen days. I will then present your application to the Director for approval.

Thank you for your cooperation in resolving this incident. Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "John T. Blake", with a stylized, cursive script.

John T. Blake
Mineral Resources Specialist

CC: Lynn Kunzler
Sanpete County Sheriff